

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

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R 241350Z SEP 76

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 5135

INFO USMISSION BERLIN

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMEMBASSY PRETORIA

AMEMBASSY VIENNA

AMEMBASSY ZURICH

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E.O. 11652: N/A

TAGS: EFIN, BEXP, EGEN

SUBJECT: SOUTH AFRICAN BANKERS VISIT EUROPE TO SEEK EXTERNAL
FINANCING.

1. C.H. WATERSON, GENERAL MANAGER HEAD OFFICE AND
ROBIN K. THORNE, CHIEF MANAGER INTERNATIONAL DIVISION,
HEAD OFFICE BARCLAYS NATIONAL BANK, JOHANNESBURG, PLAN
VISIT HAMBURG OCTOBER 6; BERLIN 13; FRANKFURT 20;
MUNICH 25; VIENNA 28 AND ZURICH 31 FOR PURPOSES DIS-
CUSSIONS THEIR MAIN CORRESPONDENTS AND FINANCIAL
INSTITUTIONS ON AVAILABILITY EXTERNAL FINANCING AND
PARTICULARLY FOR MAJOR PROJECTS.

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2. BARCLAYS IS LARGES NATION-WIDE NATIONAL BANK IN

SOUTH AFRICA AND BASED ON COMMENTS FROM THEIR HEAD OFFICE BANKERS AND FROM OTHERS (INCLUDING NUMBER TWO STANDARD AND NUMBER THREE NEDBANK) HERE, SOUTH AFRICAN BANKERS FINDING IT INCREASINGLY DIFFICULT IN GATHERING FINANCING FOR SYNDICATIONS. OUR INFORMANTS SAY THAT WHILE THERE NO CLEAR REVERSAL OF WILLINGNESS OF CONTINENTALS TO FINANCE MEDIUM SIZED PROJECTS (10-20 MILLION) AND NO DIMINISHING COMPETITION (THIS FROM CITYBANK AND CHASE) THERE CLEARLY DIFFICULT PROBLEMS FOR MAJOR PROJECT (\$90-100 MILLION) FINANCING SINCE CONTINENTALS SEEM WORRIED NOW ABOUT BEING TO EXPOSED HERE.

3. ADDITIONAL REASON FOR WORKING LEVEL VISIT BY WATERSON AND THORNE - ACCORDING TO OUR SOURCES - IS TO CALL ON PARENTS OF WHOLLY-OWNED AFFILIATES HERE TO REASSURE THEM AND TO SEEK ASSISTANCE IN EXTENDING CREDITS. (UNDER SOUTH AFRICAN LAW AND REGULATIONS, WHOLLY-OWNED AFFILIATES HERE MAY ONLY RAISE 25 PERCENT OF CAPITAL LOCALLY AND THIS INCLUDES TRADE CREDITS). UNDER CURRENT 20 PERCENT IMPORT DEPOSIT SCHEME INAUGURATED IN AUGUST, CASH FLOW PROBLEMS PUTTING THE PINCH ON LOCAL FIRMS. JOHNSON

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